

In the Matter of

**The *FINANCIAL INSTITUTIONS ACT*
(RSBC 1996, c.141)
(the "Act")**

and

**The *INSURANCE COUNCIL OF BRITISH COLUMBIA*
(“Council”)**

and

**CHARANJIT KAUR PANWAR
(the “Licensee”)**

ORDER

As Council made an intended decision on September 15, 2015, pursuant to sections 231, 236, and 241.1 of the Act; and

As Council, in accordance with section 237 of the Act, provided the Licensee with written reasons and notice of its intended decision as amended dated October 15, 2015; and

As the Licensee requested a hearing of Council’s intended decision in accordance with the Act on October 19, 2015; and

As the Licensee subsequently withdrew her request for a hearing on May 31, 2016;

Under authority of sections 231, 236, and 241.1 of the Act, Council orders:

1. The Licensee’s general insurance licence is cancelled for a minimum period of two years, commencing on **August 5, 2016**.
2. The Licensee is fined \$2,500.00.
3. The Licensee is assessed Council’s investigative costs of \$2,000.00.
4. As a condition of this order, the Licensee is required to pay the above-ordered fine and investigative costs no later than **September 9, 2016**.

This order takes effect on the **9th day of June, 2016**.



Brett Thibault
Chairperson, Insurance Council of British Columbia

AMENDED INTENDED DECISION

of the

INSURANCE COUNCIL OF BRITISH COLUMBIA
(“Council”)

respecting

CHARANJIT KAUR PANWAR
(the “Licensee”)

Pursuant to section 232 of the *Financial Institutions Act* (the “Act”), Council conducted an investigation to determine whether the Licensee acted in compliance with the requirements of the Act.

As part of Council’s investigation, on August 10, 2015, a Review Committee (the “Committee”) met with the Licensee to discuss allegations that the Licensee manipulated insurance documents, attempted to process transactions without client consent, shared client information with insurers at her new employer’s office without client consent, misrepresented transactions, took client documents from a previous employer without consent, and altered agency records of clients.

The Committee was comprised of one voting member and three non-voting members of Council. Prior to the Committee’s meeting with the Licensee, an investigation report was distributed to the Committee and the Licensee for review. A discussion of this report took place at the meeting and the Licensee was provided an opportunity to make further submissions. Having reviewed the investigation materials and after discussing this matter with the Licensee, the Committee prepared a report of its meeting for Council.

The Committee’s report, along with the aforementioned investigation report, were reviewed by Council at its September 15, 2015 meeting, where it was determined the matter should be disposed of in the manner set out below.

This amended intended decision replaces Council’s intended decision dated October 6, 2015.

PROCESS

Pursuant to section 237 of the Act, Council must provide written notice to the Licensee of the action it intends to take under sections 231, 236, and 241.1 of the Act before taking any such action. The Licensee may then accept Council’s decision or request a formal hearing. This amended intended decision operates as written notice of the action Council intends to take against the Licensee.

FACTS

The Licensee was first licensed with Council in 1995 as a Level 1 general insurance salesperson (“Salesperson”) and has been licensed as a Level 2 general insurance agent since 1998. She held an authority to represent an agency (the “Agency”) from December 2010 until October 31, 2014, when her authority to represent the Agency was terminated. On November 3, 2014, the Licensee obtained authorization to represent a different agency (the “New Agency”).

Allegations were raised against the Licensee by the Agency, including that she altered information in the Agency’s database and inappropriately moved clients’ business from the Agency to the New Agency.

Altering Agency Records

In May 2014, the Licensee learned that the Agency was contacting its clients, many of whom the Licensee felt belonged to her. To prevent the Agency from contacting its clients, the Licensee altered client telephone numbers in the Agency’s customer database by either deleting the phone numbers or changing the client phone number to her personal cellular and home numbers. When confronted by the Agency, the Licensee agreed to correct the information and stated she intended to do so as policies were renewed.

Moving Clients to the New Agency

After the Licensee left the Agency, the Licensee engaged in a systematic scheme to move as many of the Agency’s clients as possible to the New Agency, in part because she believed she would not receive outstanding commissions owed to her by the Agency. The clients in question were those she felt belonged to her, and were mostly the Licensee’s friends and family.

In November 2014, in an attempt to move one client (“Client A”), the Licensee submitted an altered Centre for Study of Insurance Operations Habitational Insurance application (the “Application”) to an insurer, as well as a copy of a void cheque that she had received from Client A when the Licensee still worked at the Agency. The Licensee altered the last page of the Application, which contained the client’s signature, by changing the date. The altered page was from a previously completed application.

Client A had recently renewed her insurance policy through the Agency, but because the Licensee was concerned about her commission, she undertook to place new coverage through another insurance company available at the New Agency. The Licensee was able to find alternate insurance with another insurer that cost less per year; however, there was no evidence to indicate the Licensee considered any other relevant factors to ensure the new policy was in Client A's best interests. The Licensee stated that she met with Client A to discuss the new policy, but did not have Client A re-sign the Application. Client A denied ever meeting with the Licensee or giving her consent to a new policy. Ultimately, Client A elected to have her original policy obtained through the Agency reinstated.

In another instance, prior to leaving the Agency and moving to the New Agency, the Licensee shared confidential client ("Client B") information with a Salesperson at the New Agency. The Salesperson was a family member of the Licensee. The Salesperson then proceeded to contact Client B to sign a release in order to move Client B's business to the New Agency. The Licensee argued that Client B was a mutual client of herself and the Salesperson.

The Licensee could not explain why, if Client B had a business relationship with the Salesperson, she needed to provide Client B's information to the Salesperson.

ANALYSIS

Council found the Licensee's conduct brought into question her suitability to hold an insurance licence in that she did not act in a competent or trustworthy manner, or in good faith.

Council determined the Licensee's actions in moving clients away from the Agency were motivated by personal gain as she was concerned the Agency was not going to pay her outstanding commissions.

Council found the Licensee believed the clients she was attempting to move to the New Agency were hers, not the Agency's, which was not the case. When it comes to licensees representing general insurance agencies, the clients are always viewed as clients of the agency where a licensee works, and a licensee does not have the authority to take or move information relating to clients from one agency to another.

In attempting to move Client A's business, the Licensee did not consider what was in the best interests of the client. Council found that the Licensee submitted altered insurance documents to an insurer without reviewing the coverage with Client A or even obtaining Client A's consent. Council found the version of events provided by the Licensee was irreconcilable with that provided by Client A. Council determined that, given the alteration of the Application and the simplicity of obtaining a new signature, the Licensee's version of events was not believable.

Council found that the Licensee breached Client B's confidentiality by sharing his information with the New Agency. The breach of confidentiality occurred whether she was working at the New Agency or not, as Client B had not given consent for his information to be shared with the New Agency.

Council was also concerned by the Licensee's actions in altering client information in the Agency's database. The information that was altered did not belong to the Licensee, and ultimately Council found that the Licensee's actions could have put clients at risk.

Council noted that the Licensee did not believe she had done anything wrong and did not appear remorseful for her actions, even after Council's concerns were brought to her attention.

In coming to a determination in this matter, Council considered its prior decisions *J. Grewal* and *C. Potter*.

In *J. Grewal*, the former licensee breached the confidentiality of clients by providing their information to another agency without their knowledge or consent, and moved business to another agency in an unauthorized manner. She also backdated an insurance transaction to provide the false appearance of coverage. Ultimately, in *J. Grewal*, Council found that the former licensee, who had lengthy experience as an insurance licensee, demonstrated that she was not trustworthy and was unable to engage in the business of insurance in good faith, and in accordance with the usual practice. Council found the former licensee was not suitable to hold an insurance licence for a minimum period of two years.

In *C. Potter*, the licensee accessed the Insurance Corporation of British Columbia database without client knowledge or authorization in order to place coverage for clients and increase her business. In determining that a suspension of six months and a period of supervision was appropriate to address the privacy breaches and related issues, Council took into consideration that the licensee had been unemployed for a period of nine months as a result of her conduct.

Council determined that the Licensee's actions were more egregious than *J. Grewal* and *C. Potter*, especially considering that the Licensee's actions were for personal gain, were not in the best interests of the clients, and that she altered insurance application forms. Council concluded that the Licensee was not suitable to hold an insurance licence.

AMENDED INTENDED DECISION

Pursuant to sections 231, 236, and 241.1 of the Act, Council made an intended decision to:

1. Cancel the Licensee's general insurance licence, with direction that Council will not be prepared to consider a licence application from the Licensee for a minimum period of two years.
2. Fine the Licensee \$2,500.00.
3. Assess the Licensee Council's investigative costs of \$2,000.00.

The Licensee is advised that should the intended decision become final, the fine and investigative costs will be due and payable within 90 days of the date of the order. In addition, failure to pay the fine and investigative costs will result in the Licensee not being permitted to apply for an insurance licence until such time as the fine and investigative costs are paid in full.

The Licensee's termination will begin on **November 18, 2015**, and end at midnight on **November 17, 2017**.

The intended decision will take effect on **November 3, 2015**, subject to the Licensee's right to request a hearing before Council pursuant to section 237 of the Act.

RIGHT TO A HEARING

If the Licensee wishes to dispute Council's findings or its intended decision, the Licensee may have legal representation and present a case at a hearing before Council. Pursuant to section 237(3) of the Act, to require Council to hold a hearing, the Licensee must give notice to Council by delivering to its office written notice of this intention by **November 2, 2015**. A hearing will then be scheduled for a date within a reasonable period of time from receipt of the notice. Please direct written notice to the attention of the Executive Director.

If the Licensee does not request a hearing by **November 2, 2015**, the intended decision of Council will take effect.

Amended Intended Decision
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99008-11777
October 15, 2015
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Even if this decision is accepted by the Licensee, pursuant to section 242(3) of the Act, the Financial Institutions Commission still has a right to appeal this decision of Council to the Financial Services Tribunal ("FST"). The Financial Institutions Commission has 30 days to file a Notice of Appeal, once Council's decision takes effect. For more information respecting appeals to the FST, please visit their website at fst.gov.bc.ca or contact them directly at:

Financial Services Tribunal
PO Box 9425 Stn Prov Govt
Victoria, British Columbia
V8W 9V1

Reception: 250-387-3464
Fax: 250-356-9923
Email: FinancialServicesTribunal@gov.bc.ca

Dated in Vancouver, British Columbia, on the **15th day of October, 2015.**

For the Insurance Council of British Columbia



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GM/bk